UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

Yucaipa American Alliance Fund I, L.P., a Delaware limited partnership, and Yucaipa American Alliance (Parallel) Fund I, L.P., a Delaware limited partnership, Plaintiffs, -against- Richard A. Ehrlich, Stephen H. Deckoff, Leslie A. Meier, Jeffrey A. Schaffer, BDCM Opportunity Fund II, L.P., a Delaware limited partnership, Black Diamond CLO 2005-1 Ltd., a Cayman Islands limited liability company, and Spectrum Investment Partners, L.P., a Delaware limited partnership, Defendants.	No. 15 CV 916 (DLC) **Joint Rule 26(f) Report**

Dated: April 10, 2015
New York, New York

JOINT RULE 26(F) REPORT OF THE PARTIES

Pursuant to Federal Rule of Civil Procedure 26(f), telephonic conferences between the parties were held on March 20, 2015, March 25, 2015, and March 27, 2015. In those conferences, Plaintiffs Yucaipa American Alliance Fund I, L.P. and Yucaipa American Alliance (Parallel) Fund I, L.P. (collectively, "Yucaipa") were represented by Gibson, Dunn & Crutcher LLP (attorneys Maurice Suh and Kahn Scolnick), and Michael Neiburg of Young Conaway Stargatt & Taylor, LLP. Defendants Richard A Ehrlich, Stephen H. Deckoff, Leslie A. Meier, Jeffrey A. Schaffer, Black Diamond CLO 2005-1 Ltd and BDCM Opportunity Fund II, L.P.

(collectively, "Black Diamond"), and Spectrum Investment Partners L.P.("Spectrum") (collectively, "Defendants") were represented by Schulte Roth & Zabel LLP (attorneys Robert Ward, Michael Kwon, and Frank Olander).

A. Preliminary Coordination of Discovery with Delaware Bankruptcy Court Adversary Actions

On May 17, 2012, Black Diamond and Spectrum filed an involuntary petition of bankruptcy against Allied Systems Holdings, Inc. ("Allied") in the United States Bankruptcy Court for the District of Delaware, Case No. 12-11564. Two adversary proceedings are currently pending before the United States Bankruptcy Court for the District of Delaware, Case Nos. 13-50530 and 14-50971 (the "Delaware Adversary Proceedings"). In those proceedings, Black Diamond and Spectrum and the Official Committee of Unsecured Creditors of Allied (the "Committee") have alleged various claims against Yucaipa, including claims for equitable subordination of Yucaipa's claims in Allied's first lien debt, as well as claims for breach of fiduciary duty, breach of contract, and tortious interference with contract.[1] Case No. 13-50530 was filed on February 1, 2013. Case No. 14-50971 was filed on November 19, 2014. In Case No. 13-50530, Yucaipa has filed a motion for leave to amend its Answer to assert a counterclaim for equitable subordination of Black Diamond's claims in Allied's first lien debt. In connection with Case No. 14-50971, Yucaipa has filed a counterclaim alleging claims for equitable subordination of Black Diamond's and Spectrum's claims in Allied's first lien debt.

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[1] For a more thorough description of these actions *see* Compl. ¶¶ 134-35 (as described by Plaintiffs) and the Memorandum of Law in Support of Defendants' Motion to Dismiss or Stay the Action, dated April 3, 2015 (Dkt. No. 17), at pp. 11-14 (as described by Defendants).

As part of Case No 13-50530, the parties have served upon each other various document requests and written discovery. Substantial production of documents and responses have been served with respect to that written discovery. The parties are currently working through various objections and responses to those objections. One deposition has taken place. No discovery of any kind has been served in Case No. 14-50971.

A substantial number, but not all, of the fact issues in the Delaware Adversary Proceedings may involve some of the fact issues in this action. Therefore, to proceed as efficiently as possible and to avoid duplicative discovery efforts, the parties have preliminarily agreed that discovery in this matter will be coordinated with the discovery in the Delaware Adversary Proceedings as follows (1) all discovery served in one action shall be deemed served in the above-captioned case and the Delaware Adversary Proceedings; (2) responses to discovery served in one action shall be deemed served in the above-captioned case and the Delaware Adversary Proceedings and (3) depositions of witnesses shall be deemed to apply to the above-captioned case and the Delaware Adversary Proceedings. No other agreements with respect to the meaning of "coordination" have yet been agreed upon by the parties.

B. Initial Disclosures

The parties have agreed to waive the exchange of initial disclosures given the parties' already significant understanding of the allegations, relevant witnesses, and sources of discovery in the above-captioned case, which understanding arises in part due to the status of discovery and related proceedings that have occurred in the Delaware Adversary Proceedings.

C. Subjects of Discovery and Discovery Timeline

As described above, to proceed as efficiently as possible, the parties have agreed that discovery in this matter will be coordinated with the discovery in the Delaware Adversary Proceedings.

Under the scheduling order currently in place in the Delaware Adversary Proceedings, fact discovery must be completed by November 16, 2015. As that date approaches, the parties will meet and confer to determine what additional discovery may be needed regarding any subjects specific to this case, and at that time the parties will propose any additional deadlines for discovery in this matter.

D. Electronic Discovery

The parties are not aware of any unique issues concerning discovery of electronically stored information, and such information has already been disclosed in the Delaware Adversary Proceedings.

E. Privilege Issues/Protective Order

The parties have discussed privilege issues in connection with this matter, as well as the Delaware Adversary Proceedings, and at this time, the parties are not aware of any unique privilege issues that exist in this matter.

A protective order is in place in the Delaware Adversary Proceedings and the parties have agreed in substance that the terms of that protective order should apply to this matter, subject to Court approval. The parties will submit an appropriate proposed order for the Court's consideration within sixty days from the date of this Report.

F. Changes to Limitations on Discovery

No changes in the limitations on discovery imposed under the Federal Rules of Civil Procedure or the Local Rules are apparent at this time.

G. Defendants' Pending Motion to Dismiss Or Stay the Action

On April 3, 2014, Defendants filed a motion to dismiss the Complaint or, in the alternative, to stay the action pending resolution of the Delaware Adversary Proceedings.

Defendants' motion to dismiss or stay is currently pending. On April 7, 2015, the Court ordered Yucaipa to file any amended complaint, or, if no amended complaint is filed, to file any opposition by May 1, 2015 with replies due by May 15, 2015.

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